

S E C R E T

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCESMETHODSEXEMPTION 3B2B
VAZI WAR CRIMES DISCLOSURE ACT
DATE 2007

29 April 1970

MEMORANDUM FOR: Chief, SB/POS

SUBJECT : AERODYNAMIC Budget

1. The AERODYNAMIC budget for FY 1971 breaks down as follows, with the percentages of the total budget provided:

Fixed Overhead

Payroll and Benefits	94,534 (45%)
Utilities, Maintenance,	13,700 (7%)
Depreciation, etc.	
Total Fixed Overhead	\$108,234 (52%)

Operational Expenses

Contact Operation Expenses	32,000 (16%)
Contact Operations Travel	15,000 (6%)
Total for Contact Operations	47,000 (22%)
Publication of Suchasnist	50,000 (23%)
(No breakdown; includes fixed and operational expense. see para 2)	
Prolog travel, entertainment, purchase of books	7,766 (3%)
Total Operational Expenses	\$124,766 (48%)
Total AERODYNAMIC budget	<u>\$213,000</u>

2. The \$50,000 figure for the publication of Suchasnist by the Munich office is carried as an operational expense by the

S E C R E T

S E C R E T

-2-

Prolog Corporation. In relating this expense to the total budget picture, however, the breakdown of this \$50,000 will show additional fixed overhead expense, which will raise the total of fixed overhead costs from 52 percent to perhaps as high as 60 percent.

3. You will note that the percentage of the budget devoted to contact operations, including travel, is only 22 percent. Although Prolog had planned more extensive contact operations for FY 1971, it was necessary to direct them to reduce their budget from the planned \$227,000 to \$213,000. This reduction of \$14,000 had to be made in contact operations, rather than in salaries, Suchasnist publication, and fixed expenses.

4. The operational side of this project is suffering while administrative costs are rising as a result of current inflationary tendencies throughout the world. Prolog had planned to send one, if not two, representatives to Expo 70 in Osaka, Japan, this year, to contact Ukrainian and Russian speaking Soviet visitors, as a developmental project. I was informed, however, that other planned contact operations preclude this operationally important trip, and that an additional amount of \$1,800 would be necessary if one representative goes to Osaka (\$3,000 for two). I informed AECASSOWARY/29 that I could not approve trips for two representatives, but would explore the possibility of sending him alone.

5. The problem of mounting costs in the publication of the monthly Suchasnist is one which greatly concerns the Prolog office. The revaluation of the Deutsche Mark, compounded by spiraling inflation in Germany, is causing severe financial headaches, and may force the magazine to cut back to some degree.

6. In recent discussions with the AECASSOWARIES, I have repeatedly stressed the urgency for greater economies of operation in the light of government cutbacks in spending.

S E C R E T

S E C R E T

-3-

However, I believe that in order not to lose the effectiveness of AERODYNAMIC, we must balance the administrative and operational costs, and must count on rising costs in Suchasnist production as well as contact operations.

7. It would appear that, in the interests of sounder project management, we should make every effort to revise the present division of the budget from 52 percent fixed overhead and 48 percent operational to a more desirable division of approximately 45 percent overhead and 55 percent operational.

-[]-
[]- []-
CSB/PO/M

S E C R E T